

SCOLARI'S
FOOD & DRUG COMPANY

255 South McCarran Blvd. Sparks, NV 89431 • P.O. Box 5070 Reno, NV 89513 • Phone: 775.331.7700 • Fax: 775.331.2860

April 9, 2003

The Honorable Ann Veneman
Secretary, U.S. Department of Agriculture
Country of Origin Labeling Program
Agricultural Marketing Service
Stop 0249 Room 2092-S
1400 Independence Avenue, SW
Washington, DC 20250-0249

Re: Comments on Guidelines for Voluntary Country of Origin Labeling Program

Dear Secretary Veneman:

On behalf of Scolari's Food & Drug Company, we are pleased to respond to your request for comments on the U.S. Department of Agriculture's "Guidelines for the Interim Voluntary Country of Origin Labeling of Beef, Lamb, Pork, Fish, Perishable Agricultural Commodities, and Peanuts (hereinafter Voluntary COL Guidelines).

As a food retailer, the law charges Scolari's with the substantial responsibility of informing consumers of the country of origin of all non-processed beef, pork, lamb, fresh and frozen fruits and vegetables, fresh and frozen seafood (for which we must also identify the method of production), and peanuts that are sold in our retail stores. The country of origin declaration as defined by the law extends back to the farm or ranch on which the product originated. therefore, we must depend on information that is known only to our suppliers in order to fulfill our obligations under the law and to our customers. Accordingly, we urge USDA to propose regulations quickly that will ensure that all suppliers that impact the country of origin determination starting at the farm or ranch at which the product originates are held responsible for giving retailers complete, accurate and verifiable information. These and our other recommendations are explained more fully below.

The law requires retailers to provide consumers with information that retailers can only obtain from their suppliers. Given this fact, the law also holds suppliers accountable for providing information to retailers

USDA's Voluntary COL Guidelines properly recognize that the entire food chain must bear responsibility for a country of origin labeling program if consumers are to receive accurate country of origin information as Congress defined it. In furtherance of this principle, the Voluntary COL Guidelines state that producers, growers, handlers, packers, processors and importers must maintain auditable records documenting the origin of

covered commodities and that these persons must make country of origin information available to retailers. USDA's regulations must also recognize the obligations that these parties share and must further hold them accountable through stringent enforcement measures to ensure that retailers have accurate information to provide to consumers.

The statute allows country of origin information to be provided by means of a "label, stamp, mark placard or other clear and visible sign on the covered commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers". The guidelines generally follow the statute and further provide that the information must be "conspicuous," and either typed, printed or handwritten.

We urge the Secretary to maintain flexibility in the methods of notification. Furthermore, USDA should expressly recognize that country of origin information can be considered "conspicuous" even if it is a label placed on the back of a random weight package. The country of origin declaration for hamburger as explained in the Voluntary COL Guidelines could cover a substantial amount of the product if it was required to appear on the front of the package with all of the other federally mandated labeling. Provided that the information is presented to consumers in a manner in which they can readily find it, the information should be considered conspicuous and our obligation met. Indeed, since the statute can be satisfied by providing a sign at the store, to the extent that the information is affixed anywhere on the package, it will be available to the consumer for a greater period of time.

The voluntary COL Guidelines require every person engaged in the business of supplying a covered commodity for retail sale to keep records on the country of origin of the covered commodity for two years. Basic records must be kept at store level; contracts and other more detailed records may be kept at warehouses or corporate headquarters.

Retailers should not be required to keep two years worth of records for covered commodities at store level. Most covered commodities will be sold and consumed well before two years has elapsed, thus retaining records for this period of time at the retail level will serve no useful purpose while incurring substantial cost. USDA should continue to allow records to be kept in hard format or electronic version.

In keeping with the current state of the industry, Scolari's stores include a variety of options for satisfying consumer demands. In addition to the customary grocery sections, such as produce, meat and general grocery, Scolari's offers consumers prepared foods at delis, and salad bars and other venues.

The statute exempts food service establishments from the country of origin labeling program. The Guidelines state that the term "food service establishment" includes salad bars, delis and other prepared food enterprises that provide ready-to-eat foods that are consumed either on or outside of the retailer's premises. We urge USDA to continue to recognize that foods provided from these venues within the retail store are properly considered subject to the statute's exemption from country of origin labeling for food service establishments. Trays of cut vegetables from our catering operations, fruit salad

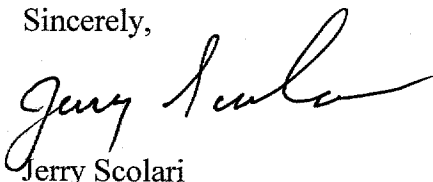
sold at delis or throughout the store, and food provided at our salad bars are all prepared at food service.

USDA should recognize that if the majority of individual covered commodity items bear a label indicating the product's country of origin, the retailer has met the statute's requirement to inform the consumer of the country of origin of that covered commodity. For example, one efficient way to ensure that consumers receive accurate country of origin information on some covered commodities, such as produce, is for suppliers to sticker the individual items with country of origin information. However, given the nature of some items as well as adhesive efficacy, not all covered commodities will be stickered. Although the technology for label adhesives has improved, no label adhesive is effective 100% of the time. Therefore USDA should recognize that, if the majority of covered commodity items on display bear country of origin labels, the retailer has met its obligation to inform the consumer of the country of origin of the covered commodity and has not willfully violated the statute, even if some covered commodities in the display do not bear a label.

Finally, we urge you to conduct the rulemaking promptly and efficiently. Section 285 of the statute states that the provision "shall apply to the retail sale of a covered commodity beginning September 30, 2004." Since we are required to set up significant systems to obtain the necessary information from our suppliers to provide the information to consumers, and then to retain the information, we must know what those systems must accommodate as quickly as possible.

We appreciate your attention to our concerns and urge you to develop the regulations using the foregoing recommendations as expeditiously as possible.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jerry Scolari".

Jerry Scolari

Chief Operations Officer

Scolari's Food & Drug Company